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To: ""<y2k@ftc.gov>" <"<y2k@ftc.gov>
Date: 6/23/98 10:18am
Subject: "Year 2000 Consumer Issues-Comment, FTC File No. P984238"

P984238
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June 22, 1998

Secretary, Federal Trade Commission
Room H-159
Sixth Street and Pennsylvania Ave. NW
Washington, DC 20580

RE: Year 2000 Consumer Issues-Comment
FTC File No. P984238

Dear Secretary:

The Surety Association of America ("SAA") is a voluntary, non-profit, unincorporated association of companies engaged in the business of writing surety and fidelity bonds. It presently has approximately six hundred fifty member companies which collectively underwrite the overwhelming majority of surety bonds written in the United States. The SAA represents its member companies in matters of common interest before various federal, state and local government agencies. Accordingly, we would like to offer the following comments in response to the May 6, 1998, Federal Register request for comments on this subject.

Our members are genuinely interested in the Year 2000 issue since surety and fidelity bonds are written for a multitude of business ventures including contractors and financial institutions. The following specific issues were brought to SAA's attention:

1. Internally, will our client's cost and billing systems comply? Will they detect outside systems that are not compliant?
2. The systems used by contractors to track the financial progress of a job vary tremendously. Many are maintained by reputable software suppliers but some integrate more than one system. It may be difficult to "fix" these systems.
3. Many of our customers rely on suppliers to effectively perform on the job. Will the suppliers be in a position to provide materials on a timely basis?
4. If our customer relies on payments from a third party, will it be impacted? Could contractors that perform public contracts be impacted by late progress payments?
5. The fidelity and surety industries integrate its businesses with the independent insurance agency system. If the agencies cannot repair their systems in a timely manner, bonds may not be renewed on time or incorrectly renewed. Some of the smaller agencies may not even have the resources to upgrade the applications.

Overall, our industry is concerned whether its individual clients can internally become Year 2000 compliant in time. More important is the unknown potential impact on their businesses from outside vendors and payors. The SAA appreciates the opportunity to submit comments. If we can be of further assistance, please do not hesitate to contact me.

Sincerely,

Lynne W. Cook
Director-Underwriting

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